

**Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, D.C. 20554**

In the Matter of	)	
	)	
Empowering Consumers to Prevent and Detect	)	CG Docket No. 11-116
Billing for Unauthorized Charges (“Cramming”)	)	
	)	
Consumer Information and Disclosure	)	CG Docket No. 09-158
	)	
Truth-in-Billing and Billing Format	)	CC Docket No. 98-170
	)	

**COMMENTS OF FRONTIER COMMUNICATIONS CORPORATION**

Frontier Communications Corporation (“Frontier”) hereby submits the following comments in response to the Federal Communications Commission’s (“Commission” or “FCC”) *Notice of Proposed Rulemaking* in the above-captioned docket.<sup>1</sup> Frontier, which operates a telecommunications network across 27 states, is the largest provider of communications services focused on rural America. Frontier values its relationships with its customers and takes consumer protection seriously. Frontier supports the Commission’s goal to safeguard consumers and prevent cramming.

In particular, Frontier supports the Commission’s efforts to: improve consumer disclosures; allow for third-party blocking; focus on preventing and resolving cramming disputes; ensure parity among services providers that allow third-party billing; and otherwise ensure companies are acting with due diligence to ferret out fraudsters. In fact, Frontier has already established many of the Commission’s proposed consumer protections. Frontier has internal processes and procedures designed to proactively educate and protect our customers, as

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<sup>1</sup> *In re*: Empowering Consumers to Prevent and detect Billing for Unauthorized Charges (“Cramming”); Consumer Information and Disclosure; Truth-in-Billing and Billing Format, *Notice of Proposed Rulemaking*, CG Dkt. Nos. 11-116, 09-158; CC Docket No. 98-170, FCC 11-106 (rel. July 12, 2011) (“*NPRM*”).

well as thwart those who seek to place unauthorized charges on Frontier bills. Using these methods, Frontier has been able to improve consumer protection, preserve consumer choice and continue to offer customers the benefits of third-party billing.

**I. Frontier both Offers and Clearly and Conspicuously Discloses Third-Party Blocking Features As a Key Part of its Consumer Protection Efforts**

Frontier supports the Commission's proposal that carriers should clearly and conspicuously notify subscribers of third-party blocking features. Both making this feature available and educating consumers about it are important consumer protections. For its part, Frontier has already implemented both measures for its customers.

Consumer education is paramount. Making consumers aware of the protections available to them is a cornerstone of Frontier's efforts to prevent cramming and to empower customer-driven decision-making. Every Frontier customer is notified on every bill, in a section entitled "IMPORTANT CONSUMER MESSAGES" that:

This bill may contain charges for additional services purchased from companies other than Frontier. Such charges appear in a separate section of this bill along with the name of the service provider. Be certain that you are only being charged for services you authorized. You can call Frontier or the service provider's representative at the toll-free numbers provided in this bill with any questions about charges. You do not have to pay Frontier for disputed third-party charges and Frontier will not pursue collections or adverse credit reports for such charges. If you want only charges from Frontier on your bill, call us to ask for a block on your account at no charge to you.

This message prominently appears on the reverse side of the front page and is deliberately crafted in plain language. Moreover, its placement alongside other important customer information, such as customer service contact numbers and payment directions, highlights its significance to all consumers.<sup>2</sup>

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<sup>2</sup> *NPRM* at ¶ 42.

Consumer access to the blocking features is also critical. For this reason, Frontier provides the option to block all third-party charges at *no cost* to the consumer.<sup>3</sup> In addition, the feature can be ordered and instituted via a simple call to customer service.

But, what works for Frontier may not work for every company. Although Frontier fully supports improved availability and disclosure of third-party blocking features, Frontier recommends that the Commission provide companies the flexibility to craft solutions and appropriate messaging to meet the needs of their customers.<sup>4</sup> Companies are best positioned to know *their* customers, including the most effective ways to advise them of important consumer protections.

For example, web-based or point of sale disclosures may be the most effective for some. However, the large quantity of information available to consumers in both instances may cause a third-party blocking notice to be “lost.” Moreover, a web post or point of sale disclosure may not be as impactful as a monthly bill reminder sent to all consumers. For this reason, Frontier cautions the Commission against adopting a specific format or medium for such disclosures. Overly prescriptive rules would deprive companies of exercising their judgment, based on a unique understanding of their customer base, which is not in the best interest of customers.

## **II. The FCC Should Focus on Cramming Prevention and Dispute Resolution**

Frontier concurs with the Commission that cramming prevention and effective dispute resolution procedures are the right focus for Commission attention. For its own customers, Frontier has implemented important measures to prevent and detect fraud in addition to the proactive consumer education noted above. Frontier has also established a “First Call

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<sup>3</sup> Frontier believes, as evidenced by its own offering, that the third-party blocking service should be offered free of charge consistent with the Commission’s proposal to “prohibit [carriers] from charging an additional fee to do so.” *Id.* at ¶ 44.

<sup>4</sup> *Id.* Frontier does not support any requirement that these notices also be translated into other languages as the Commission contemplates. Frontier does not provide bills in languages other than English and doing so would create a substantial burden. *Id.* at ¶ 68.

Resolution” policy to enable customers to resolve their third-party billing disputes in one call. Specifically “requir[ing] service providers to include on their bills information about how to contact the Commission to file a complaint”, however, will not necessarily improve consumer protection.<sup>5</sup>

#### **A. Cramming Prevention is an Important Tool for Frontier**

Customers must understand their monthly bills and the services for which they are charged. Frontier supports the proposal that charges from third-party vendors be separated from charges assessed by carriers and their affiliates.<sup>6</sup> In fact, Frontier has already adopted this practice.

Frontier notifies its customers about third-party charges in two places. First, such charges appear on the front page of the bill in a separate section entitled “OTHER SERVICE CHARGES AND CREDITS.” Second, third-party charges appear in the body of the bill in a section entitled “DETAIL OF OTHER SERVICES CHARGES AND CREDITS.” Here, each third-party charge is individually presented in its own subsection, which prominently identifies the third-party both by name and logo, followed by the specific line item charges. The third-party’s contact information is also listed in this section. Contemporaneous with the charge, the customer is also informed that he or she can call Frontier with questions.<sup>7</sup>

Thus, Frontier already exceeds the Commission’s proposed regulations. It includes third-party charges in a separate section, physically separated from other charges, which

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<sup>5</sup> *NPRM* at ¶ 50.

<sup>6</sup> *Id.* at ¶ 45.

<sup>7</sup> As Frontier already discloses the third-party’s name and contact information, it also supports the Commission’s proposal to require carriers to “clearly and conspicuously provide the contact information for each third-party vendor in association with that entity’s charges.” *Id.* at ¶ 55.

sufficiently alerts the customer to the presence of these charges. More specific requirements are not needed nor is any revision of the Commission's Truth-in-Billing regulations.<sup>8</sup>

### **B. Frontier's First Call Resolution Policy Effectively and Efficiently Resolves Customer Complaints**

In addition to education about and clear disclosure of third-party billing, Frontier is proactive about resolving third-party billing complaints. Frontier follows a "First Call Resolution" policy. Frontier representatives are required to handle customer complaints directly without referring complaints to the respective vendor. Frontier regularly trains customer service representatives on its "First Call Resolution" policy.

Frontier representatives are also regularly trained to inform customers about Frontier's no-charge bill blocking features, including the option of blocking all third-party charges or only those related to a specific service.<sup>9</sup> This training includes a detailed explanation of third-party billing as well as instruction on how to offer and set-up blocking options for customers.

Just as with a company's customer base, companies have a unique understanding of their employee base. Companies invest in training that is tailored to the needs of their employees and that is targeted to best impart important information. Interrupting the training program companies have established with specific requirements is not only unnecessary but also could be harmful. Accordingly, Frontier cautions the Commission against further imposing specific obligations that would unnecessarily interject the Commission between companies and their employees.<sup>10</sup>

### **C. Excessive Bill Disclosure Requirements May Dilute the Message**

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<sup>8</sup> *Id.* at ¶ 48.

<sup>9</sup> Frontier's "Block All" option blocks all third-party service charges that are billed in the industry standard format for third-party service charges: the EMI 42-50-01 record format. The "Block All" option does not prevent satellite TV-related charges, which our customers frequently bundle with other Frontier packages, or long-distance related charges, collect call charges, dial-around charges or other product/service charges incurred via a direct dial from a customer's telephone number.

<sup>10</sup> *NPRM* at ¶ 43 (Asking how carrier practices can be improved).

At first blush, the proposed requirement to include FCC contact information may seem like a minor thing.<sup>11</sup> But, additional bill-based disclosures could have a negative impact. Bills are carefully formatted to be sure all necessary information is clearly and conspicuously disclosed and understandable to consumers. Additional disclosures crowd the bill, increase the volume of information disclosed, and dilute the impact of other bill messages—like the third-party billing message Frontier already includes on every bill.

Moreover, due to its extensive public outreach efforts, consumers are well aware that the FCC handles telecommunications-related complaints.<sup>12</sup> The Commission’s cramming complaint procedure is clearly explained on its website and easily found by consumers searching “cramming” on the web. Because additional disclosures on consumers’ bills could have a negative rather than a positive impact, Frontier opposes the proposal to include FCC contact information for filing informal complaints.<sup>13</sup>

### **III. Frontier Supports Parity in the Requirements that Apply to Service Providers that Allow Third-Party Billing**

Both wireline and wireless customers can be and are fraud targets. Providing only one segment with enhanced protections and consumer educations is nonsensical. It leaves one segment of customers, customers who routinely pay for products and services via third-party billing, vulnerable to the increased focus of fraudsters. In fact, not applying similar rules to CMRS providers would leave unaddressed 18 percent of cramming complaints from 2008-2010

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<sup>11</sup> *Id.* at ¶ 50.

<sup>12</sup> *See, e.g.*, FEDERAL COMM’NS COMM’N, CONSUMER TIP SHEET ON CRAMMING (2011) *available at* [http://hraunfoss.fcc.gov/edocs\\_public/attachmatch/DOC-307731A1.pdf](http://hraunfoss.fcc.gov/edocs_public/attachmatch/DOC-307731A1.pdf); Mike Snider, *FCC Aims to Dissuade Unauthorized Phone Fees*, USA TODAY, Jun. 21, 2011.

<sup>13</sup> *NPRM* at ¶ 50.

and 10 percent of the complaints in 2010.<sup>14</sup> These percentages are too large to be considered undeserving of Commission attention.

Moreover, as a 2011 CNET article highlights, 79 percent of consumers polled are comfortable using their wireless devices to make purchases and, “[t]hough most of those polled are still making relatively small purchases (less than \$100), 50 percent said they're comfortable spending more than \$100 using a cell phone, while almost 20 percent said they're OK buying things worth more than \$500.”<sup>15</sup> With increasing mobile-based purchasing, customers must know exactly which services they have purchased and how much they have paid. Otherwise, they are easy prey for fraudsters. For these reasons, Frontier recommends the Commission provide all consumers the same protections and require all providers to adhere to the same standards for third-party billing, regardless of the platform by which their telecommunications services are provided.<sup>16</sup>

#### **IV. Prohibiting All Third-Party Charges Deprives Consumers of Convenient Payment Options**

Frontier emphatically supports efforts to cut down on cramming. As noted above, it has proactively implemented procedures to do just that. However, the complete elimination of third-party charges is an overbroad response to cramming that deprives consumers of convenient payment options, which customers value.

Third-party billing is not a significant revenue stream for Frontier. Rather, Frontier offers it to allow consumers the broadest choice possible in purchasing and paying for

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<sup>14</sup> *Id.* at ¶ 53 (noting that 82 percent of the cramming complaints from 2008-2010 and 90 percent of the 2010 cramming complaints pertain to wireline services).

<sup>15</sup> Lance Whitney, *Most People OK Buying Goods Via Mobile Devices*, CNET, May 25, 2011, available at [http://news.cnet.com/8301-1035\\_3-20066114-94.html](http://news.cnet.com/8301-1035_3-20066114-94.html)

<sup>16</sup> *NPRM* at ¶¶ 52-53. Frontier also adds its support for applying any cramming regulations equally to interconnected VoIP providers as consumers view these services as the functional equivalent of traditional telephone service. *Id.* at ¶ 69.

telecommunications-related products and services. Third-party billing offers a convenient and efficient payment method for many customers.

Using third-party billing, consumers make charitable donations, pay for subscriptions, and accept collect calls, among other things. Third-party billing is a streamlined mechanism for payment for these charges, which are often only a few dollars each. The reform measures contemplated in the *NPRM* are substantial enough to address the problem of cramming while still preserving consumer choice and convenience.

## **V. Active Management of Third-Party Billing is Critical.**

As a core component of its third-party billing policy, Frontier exercises due diligence in both screening and monitoring third-party vendors.<sup>17</sup> Frontier's due diligence focuses on researching vendors, monitoring complaints, and keeping abreast of law enforcement actions against suspected fraudsters, among other things. Frontier has also implemented a vendor qualification, complaint screening and vendor management process as outlined below.

### **A. Qualification Process**

As part of its qualification process, Frontier: 1) requires vendors and third-party service providers to submit their marketing materials to Frontier and reviews these materials for adequacy and conformity with Frontier's requirements; 2) requires vendors and third-party service providers to follow acceptable order validation and verification procedures; and 3) reviews vendors and third-party service providers for legitimacy, a history of consumer complaints, and a history of state or federal violations. Frontier only permits vendors to submit charges on behalf of third-party service providers once they, and the third-party service providers on whose behalf they submit charges, have satisfied Frontier's eligibility criteria and the vendor's contractual eligibility criteria.

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<sup>17</sup> *NPRM* at ¶ 64.



## **B. Complaint Monitoring Process**

Frontier's systems generate reports of complaints regarding third-party charges and any credits issued by Frontier. Frontier analyzes these reports on a monthly basis. Frontier's reviews may trigger an investigation and/or further review procedures. Frontier takes action when it identifies circumstances signaling that unauthorized charges may be appearing on our customers' bills, and those actions may include prohibiting vendors and/or third-party service providers from submitting charges to be placed on Frontier telephone bills. Vendors are required to inform and regularly report to Frontier if they learn of complaints about third-party service providers for whom they submit charges.

## **C. Vendor Management Process**

Vendors and third-party service providers are required to provide Frontier written notice if they, or any principal, officer or manager, receive a formal or informal notice of investigation from any entity or agency. Frontier also monitors the actions of the entities noted above and general media outlets for investigations initiated by any federal or state agency or other governmental body including, but not limited to, the FCC, the FTC, the Department of Justice, the FBI, and any US or State Attorney General or state public utility commission. When Frontier learns of such an investigation, it investigates and may suspend or terminate a vendor.

For example, Frontier took immediate action in response to the FBI's 2010 press release identifying several third-party service providers suspected of cramming.<sup>18</sup> Frontier contacted each of its vendors to confirm whether they had submitted charges on behalf of any of the named third-party service providers and reviewed its complaint records for complaints related to the named third-party service providers. Only charges from three service providers had ever

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<sup>18</sup> Press Release, Fed. Bureau of Investigation (Dec. 16, 2010) *available at* [http://hraunfoss.fcc.gov/edocs\\_public/attachmatch/DOC-307731A1.pdf](http://hraunfoss.fcc.gov/edocs_public/attachmatch/DOC-307731A1.pdf).

appeared on Frontier's customers' bills and Frontier had already terminated those service providers due to an unacceptable and excessive pattern of complaints.

Taken together, Frontier's extensive screening, complaint monitoring and vendor management process are effective tools to combat fraud. To the extent the Commission determines such due diligence should be a requirement for all companies, Frontier encourages the Commission to craft due diligence guidelines that permit companies to establish processes and procedures that best fit their corporate structure.<sup>19</sup> In this way, the Commission can properly balance consumer protection with the need to allow companies to autonomously craft internal compliance procedures.

## CONCLUSION

Based on the foregoing, Frontier actively supports the Commission's goal of eliminating cramming, making third-party charges a safe and efficient way for the consumer to benefit from a single bill.

Respectfully submitted,

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<sup>19</sup> *NPRM* at ¶ 64.